



# *News Release*

## **PRESS OFFICE**

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## **SBA LAUNCHES ITS *RURAL LENDER ADVANTAGE* INITIATIVE TO FOSTER ECONOMIC GROWTH IN NORTH DAKOTA**

FARGO, ND – The U.S. Small Business Administration's North Dakota District Office has launched an initiative aimed at fostering economic development in North Dakota's rural areas by making it easier for smaller community banks to use SBA products to finance small businesses.

Rural Lender Advantage is part of the agency's 7(a) Loan Guaranty Program and will encourage smaller, rural lenders to offer SBA loans by streamlining the application and approval processes. The program is currently open to any SBA participating lender making 20 or fewer SBA loans a year. Eventually, this program will become available to any lender that meets the eligibility requirements. The pilot will operate in Region VIII, covering Montana, South Dakota, Colorado, Wyoming, Utah and North Dakota.

"Small businesses throughout rural America rely on community banks to finance their growth because that's where they can find the strong relationship support these local institutions are particularly well-suited to provide," said SBA Administrator Steve Preston. "That's why SBA is committed to expanding access to private capital for rural entrepreneurs by becoming a better partner for America's community banks."

The key features of Rural Lender Advantage include:

- A shorter, simplified application for loans of \$350,000 or less;
- An estimated, expedited loan processing time of 3-5 days for routine loans;
- Only limited, key, financial documentation is required;
- An SBA guaranty of 85 percent if the loan is \$150,000 or less; 75 percent if the loan is larger;
- A new, user-friendly 7(a) loan web-based portal designed to meet the needs of small/rural lenders for SBA loans of \$350,000 or less;
- A simplified SBA loan questionnaire to help small or occasional SBA lenders understand eligibility criteria; and
- Specialized assistance for rural lenders on complex eligibility issues (affiliates, aliens, etc).

Rural Lender Advantage will be tested in SBA's Region VIII. If successful, the initiative may be later expanded to Regions V and VII, covering the Mid-West, and nationwide before the end of fiscal year 2008.

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The new service is intended to increase SBA's market penetration in rural areas. Small businesses account for two-thirds of all rural jobs and comprise more than 90 percent of all rural establishments. However, there are almost 400 fewer banks nationwide that took advantage of SBA loan programs than there were two years ago. By streamlining the process and reducing the paperwork, SBA is intent on winning them back.

"Rural small businesses are the growth engines of their communities," said Preston. "We are very proud to introduce Rural Lender Advantage as a financial tool to spur that growth."

**To find a list of eligible lenders, go to [www.sba.gov/nd](http://www.sba.gov/nd) , then to the link under "Spotlight" entitled "NEW! Rural Lender Advantage". Inside that link, there is a current list of eligible lenders in North Dakota. Business owners can also contact the North Dakota District Office at 701-239-5131 for more details.**

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